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In The

SUPREME COURT OF THE UNITED STATES

October Term, 1973

No. 73-825

AMERICAN HOME PRODUCTS CORPORATION,
Petitioner,

vs.

LOCKWOOD MANUFACTURING COMPANY,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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INDEX

QUESTION PRESENTED 2

SUMMARY OF THE SIGNIFICANT AND CONTROLLING FACTS 3

COUNTERSTATEMENT 4

- Lockwood's Denial Of Infringement 4
- Ekco's 10 years of silence and inaction 5
- Reliance and Prejudice: "No Proceedings are Threatened" 7
- Ekco's Post Validity Indecision 10

ARGUMENT 12

- Other Pending Litigation Does Not Automatically Excuse Delay 12
- How Petitioner's Cases Differ 13
- Other Courts Have Properly Rejected Other Litigation As An Automatic Excuse 16
- Laches is a Question of Fact, Not Law 19
- Reasons For Denying the Writ 21

CONCLUSION 22

APPENDIX:

- Findings of Fact B1

Proof of Service B6

TABLE OF AUTHORITIES

Page

Anchor Stove and Range Co. v. Montgomery Ward & Co., 114 F.2d 893 (7th Cir. 1940) 17, 18

Armstrong v. Motorola, Inc., 374 F.2d 764 (7th Cir. 1967), cert. den. 389 U.S. 830 (1967), reh. den. 389 U.S. 997 (1967) 15

Baker Mfg. Co. v. Whitewater Mfg. Co., 430 F.2d 1008 (7th Cir. 1970), cert. den. 401 U.S. 956 (1971) 1-2, 16, 17, 18, 20

Blonder-Tongue Lab., Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971) 19

Burnett v. N.Y. Central R.R., 380 U.S. 424 (1965) 1, 20

Clair v. Kastar, Inc., 148 F.2d 644 (2d Cir. 1945), cert. den. 326 U.S. 762 (1945) 14

Continental Coatings v. Metco, 464 F.2d 1375 (7th Cir. 1972) 17

Ekco Products Co. v. Chicago Metallic Mfg. Co., 321 F.2d 550 (7th Cir. 1963), cert. den. 375 U.S. 970 (1964), reh. den. 376 U.S. 929 (1964) 6, 7, 10, 11, 13, 16

Ekco Products Co. v. Chicago Metallic Mfg. Co., 347 F.2d 453 (7th Cir. 1965) 6, 7

France Mfg. Co. v. Jefferson Electric Co., 106 F.2d 605 (6th Cir. 1939), cert. den. 309 U.S. 657 (1940), reh. den. 309 U.S. 696 (1940) 15

General Electric Co. v. Sciaky Bros., Inc., 187 F. Supp. 667 (E.D. Mich. 1960), 304 F.2d 724 (6th Cir. 1962) 1, 15, 19

Gillons v. Shell Co. of Cal., 86 F.2d 600 (9th Cir. 1936), cert. den. 302 U.S. 689 (1937) 1, 13, 20

Page

Graver Tank & Mfg. Co., Inc. v. The Linde Air Products Co., 336 U.S. 271 (1949) 20

Holmberg v. Armbrecht, 327 U.S. 392 (1946) 12

Jenn-Air Corporation v. Penn Ventilator Co., Inc., 464 F.2d 48 (3rd Cir. 1972) 14

Maxon Premix Burner Company v. Eclipse Fuel Engineering Co., 471 F.2d 308 (7th Cir. 1972) 14

Montgomery Ward & Co. v. Clair, 123 F.2d 878 (8th Cir. 1941) 14

Plecker v. Poorman, 147 Fed. 528 (C.C.S.D. Ohio 1905) 15

Potash Co. v. International Minerals Corp., 213 F.2d 153 (10th Cir. 1954) 12

Remington Rand v. Acme Card System, 29 F. Supp. 192 (S.D. Ohio 1937) 17

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) 19

United States Mitis Co. v. Detroit Steel & Spring Co., 122 Fed. 863 (6th Cir. 1903) 15

Woodmanse and Hewitt Mfg. Co. v. Williams, 68 Fed. 489 (6th Cir. 1895) 12

STATUTES

Federal Rules of Civil Procedure, Rule 52 (a) 20

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The Petition seeks to bring before this Court a patent infringement action which involved the equitable doctrine of laches. After trial, the District Court found in favor of respondent, on the factual finding that laches barred the petitioner's claim. The Court of Appeals for the Sixth Circuit unanimously affirmed.

Whether laches bars an action in a given case depends upon the circumstances of that case, *Burnett* v. *N.Y. Central R.R.*, 380 U.S. 424, 435 (1965). Laches is a question of fact, to be determined by the trial judge in the exercise of judicial discretion, *General Electric Co.* v. *Sciaky Bros., Inc.*, 304 F.2d 724, 727 (6th Cir. 1962); *Gillons* v. *Shell Co. of California*, 86 F.2d 600, 611 (9th Cir. 1936), cert. den. 302 U.S. 689 (1937); *Baker Mfg. Co.* v. *Whitewater*

Mfg. Co., 430 F.2d 1008, 1009 (7th Cir. 1970), cert. den. 401 U.S. 956 (1971).

The Petition should be denied because:

1. The decision of the Sixth Circuit Court of Appeals, holding that the District Court did not abuse its discretion, does not conflict with decisions of other courts. The "other litigation" cases upon which petitioner relies were carefully considered and, balancing the equities, it found that that excuse should not be applied in the factual context of this case. Both courts below agreed that laches was a proper defense here, because respondent in absolute good faith had relied, to its prejudice, upon petitioner's silence, which continued long after validity and infringement had been determined in the other litigation. Both courts agreed that petitioner's continuing delay was unexcused.

2. No paramount interest of the public is involved. The patents in suit have expired. At most they affected only these two companies; no other action is pending which involves them.

3. The findings of fact of the District Court do not affront the conscience, and are not "clearly erroneous."

There is nothing about this case which warrants review by this Court.

QUESTION PRESENTED

The question as presented by the petitioner (P2) [1] overstates the holding of the Sixth Circuit, and it wrongly asserts inconsistency with "all other Circuits in identical situations".

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[1] References to the petition are denoted by P.

SUMMARY OF THE SIGNIFICANT AND CONTROLLING FACTS

This case presents what the District Court observed was "a really unusual fact context" (A29). While the statement of facts contained in the petition is accurate as far as it goes, the petitioner has ignored the particular circumstances which caused the District Court to apply the doctrine of laches and the Court of Appeals to affirm that decision.

Far from establishing that the delay was excused, on the contrary the facts show that:

Ten years before Ekco (petitioner's predecessor) filed suit, Lockwood I (respondent's predecessor) denied any infringement of its patents;

Ekco responded to that denial by saying that it would ask its legal counsel for an opinion on the matter, and was misleadingly silent thereafter;

In reliance on Ekco's prolonged silence, Lockwood greatly expanded its facilities for manufacturing the product in question;

Without excuse, Ekco continued to take no action against Lockwood for four more years *after* its dominant patent had been held valid and infringed by a third party;

During the latter period of time Lockwood, acting in good faith, represented during negotiations for the sale of its business that it was under no threat of infringement, and respondent herein (Lockwood II) purchased those assets in good faith and in reliance on that representation.

The following counterstatement, based upon the District Court's findings of fact,[2] is provided in order to put before this Court all of the significant facts underlying the decisions below.

COUNTERSTATEMENT

Lockwood's Denial of Infringement

In the spring of 1951, several years before Ekco's patents issued, Lockwood I had its patent attorney make an extensive search in the Patent Office on the process Lockwood was using for treating its baking pans – the process that, 16 years later, Ekco finally accused in court. At that time Lockwood had started marketing its pans and was preparing to introduce them commercially on a large scale, which it did in the fall of 1951. The attorney reported (privilege was waived) on May 24, 1951, that no infringement hazards existed (B1).

In 1956, after the Ekco patents had issued, the Lockwood attorney examined them with respect to any infringement issue. His report stated that neither of the two patents here in suit was infringed (DX 41, R 863, 897, B1).

On September 24, 1956, Ekco wrote Lockwood asserting infringement of the two patents (A21). It proposed that a meeting be held to discuss the matter (DX 42, R 865, 897, B2).

Lockwood replied to that Ekco letter on October 9, 1956, saying in part:

> "Our patent counsel has reaffirmed his opinion that no infringement exists."

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[2] The findings of fact adopted by the District Court were not reproduced in Appendix A to the petition. Because of their importance, they are included as Appendix B to this brief in opposition. The letters A or B followed by a number refer, respectively, to pages of the appendices.

The letter went on to suggest that opposing patent counsel meet to see if they could arrive at an understanding. Following the meeting, Ekco submitted a license (A22, B2).

Thereafter, in a letter dated June 10, 1957, the Lockwood attorney formally advised his client that Claim 1 of the main Ekco patent would be infringed "if valid," but in the next sentence he stated his opinion that the patent was invalid. He also believed that the ('526) patent was invalid (A22, B2, DX 52, R 873, 897).

On June 11, 1957 (almost 10 years before this suit was filed) the President of Lockwood wrote the Vice President of Ekco that Lockwood had been advised by its patent counsel that it was not infringing any valid claim of the Ekco patents (DX 53, R 873, 897, A2, 22; B3).

Ekco's reply, dated July 10, 1957 (DX 54, R 875, 897) — a critical document — read, in its entirety:

> "We have received your letter of June 11th, 1957 regarding our proposed License Agreement relative to the process of forming a heat absorptive oxide coating on tin plated bake pans.
>
> "*Since your letter raises a legal question, I have referred this matter to our attorneys and have asked them for their opinion regarding the position you have taken.*" (A2, 22, B3, emphasis added).

After this expression of uncertainty, Ekco never said anything more.

Ekco's 10 years of silence and inaction

Following that 1957 letter, there was no further correspondence or communication of any kind between the parties which in any way concerned infringement or possible infringement, until this suit was filed on May 23, 1967 — ten years later (A3, 22, B3).

The Trial Court specifically found as a fact that during the 10 year period preceding the date this suit was filed, Lockwood "believed and had good reason to believe" that it had convinced Ekco of its position (B3). Certainly there was more than ample opportunity for Ekco to state the contrary – if it did in fact ever intend to press a claim – because Ekco company officials and employees met Lockwood company officials and employees frequently at conventions, at meetings and in the field (B4, R 856, 857). Lockwood was Ekco's major competitor in the business; the two companies were nose-to-nose competitors and were constantly attempting to sell to the same customers (A23, B4). On occasion Lockwood took orders away from Ekco, and Ekco took them away from Lockwood (B4).

Ekco sued a smaller competitor, Chicago Metallic, on May 13, 1958. A District Court decision in Chicago Metallic's favor was reversed on August 16, 1963 by the Court of Appeals for the Seventh Circuit, *Ekco Products Co.* v. *Chicago Metallic Mfg. Co.*, 321 F.2d 550 (7th Cir. 1963). That decision held "the basic 994 patent" both valid and infringed (A52). Ekco now contends (P 17) that that appeal went just to the '994 patent, and that the other ('526) patent was not held valid until 1965 – thereby suggesting that Ekco's rights remained uncertain. However, Ekco took the exact *opposite* position at trial (R 1179). Moreover, in its 1963 decision the Seventh Circuit Court of Appeals said expressly that certain structure *"of the '526 patent* is not revealed in the prior art" (A51, emphasis supplied), and expressly reversed as to that patent (A52). The issue of validity was not even involved in the second (1965) appeal, *Ekco Products Co.* v. *Chicago Metallic Mfg. Co.*, 347 F.2d 453, (7th Cir. 1965). This is evidenced from a portion of that decision which reads:

> "The question now before us on this appeal is whether Patent '526 has been *infringed* . . ." (A54, emphasis added)

Further, referring to its '63 decision, the Seventh Circuit Court said (A54) that it had remanded the case to the District Court for a determination on "this point" – meaning this point of infringement, as the District Court here noted (A16).

More fundamentally, apart from the matter of whenever the '526 patent was held valid, the '994 patent – held valid in '63 – was always considered to be the *dominant* patent. In the '63 appeal, Ekco's brief referred to it as "the basic patent" (A45); the Court of Appeals agreed, and referred to the other ('526) patent as only "derivative" (A52).

The Trial Court expressly found, and the Court of Appeals agreed, that from the date of the '63 decision on, Ekco knew that its major '994 patent was valid and infringed (A6, 24). Yet it still couldn't make up its mind whether or not it had a claim against Lockwood (A25). Both courts agreed that there was no justifiable reason for Ekco's failure to proceed – at least to give some notice to anyone that it might consider to be an infringer (A6, 24, 25; B4). However, Ekco continued to remain silent *for four more years,* until it filed this suit in May of 1967. During the entire time there was never any indication that Ekco intended to file suit against it (B4). Lockwood relied on that silence (A25).

Reliance and Prejudice: "No Proceedings are Threatened"

In the meanwhile,

> "[Lockwood] continued to sell its Kolor Krust pans in exactly the same way as previously. It made large

> additional capital expenditures in its Kolor Krust production facilities, including a doubling of its production capacity in 1960, at a cost of well over $100,000. The advertising of Kolor Krust in trade publications, catalogues, and other media was continuous and relatively substantial. Prior to commencement of this litigation it had been selling Kolor Krust pans for 16 years; and for 10 years with not one word from Ekco." (B3)

The damage resulting to Lockwood by Ekco's misleading silence is most clearly demonstrated by an interim transaction.[3] On February 25, 1965, the original (Lockwood I) company sold all of its assets to new owners. The sale was public information, duly reported by numerous newspapers, Dun & Bradstreet, the Wall Street Journal, and various trade magazines. Ekco officials were aware of the sale when it occurred (B5). But even after the sale, Ekco took no steps toward the new company for more than two additional years (A25, 26).

As the buyer, Lockwood II (respondent) did not want to buy a pig in a poke, so as a part of that transaction the seller was required to list all actions or proceedings, whether pending *or even threatened* against the seller (R 911, B5). Various unrelated controversies were listed in the sales agreement including, significantly, *an unrelated controversy involving Ekco* (A7, 27, B5).

Lockwood in good faith did not believe it was under any patent threat from Ekco, and no threatened Ekco suit was listed as a contingent liability.[4]

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[3] To which the petition virtually omits reference.

[4] In Appendix A petitioner has omitted a portion of the Trial Court's decision wherein the Court found good faith on the part of Lockwood. At A27, 28, the opinion is set forth as reading:

Lockwood's outside general counsel, a director of the corporation and "the responsible negotiating officer" for the company in that sale, testified that had he known of such a threat, or been told of it, he would "most certainly" have included it in the list (R 920, B5). In firm reliance on the representations of the old company as to its possible liabilities, respondent purchased the assets and known liabilities of the predecessor Lockwood company, with the intent of continuing the business as a baking pan manufacturer (B5). It was found to have acted in "absolute good faith" (A26).

Ekco has had full discovery of all files, including counsel's files, pertinent to the existence of any knowledge of either party to that transaction – seller or buyer – about any problem with Ekco. Neither party had any notion that Ekco had not abandoned its earlier notice, as the Court found (A39). Ekco offered no evidence to the contrary.

By reason of Ekco's prolonged silence, respondent was deprived of any opportunity to consider the effect which this litigation might have upon the business it was intending to continue (A7, 28). Important witnesses have died or disappeared (B5). Unaware of any claim against it, the new company continued to build up its business in the accused product (A7, 28).

Not only is this litigation a detriment in and of itself to respondent but, as the Trial Court observed, the question

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"Ekco, by its silence, lulled Lockwood, II, into a situation where they might never have been but for the long silence."

The opinion itself states:

"Ekco, by its silnce, *lulled Lockwood, I, into a good faith nondisclosure* and lulled Lockwood, II, into a situation where they might have been but for the long silence" (Mem. Op. p. 22; the emphasis of the omitted phrase has been added).

of whether the seller violated the representation in the sales agreement that no litigation was threatened might have to be litigated (A40). That would surely be "double detriment" (A27).

Ekco's Post Validity Indecision

Ekco continued to remain inactive after the main patent had been found valid and infringed, and even after it knew of the Lockwood sale (A25). American Home Products acquired Ekco in 1965, and the new AHP officials did nothing until 1967 to reverse Ekco's "no action" position regarding Lockwood. Certainly AHP had ample opportunity (and resources) to do something earlier – at least send a one-page letter – if it had intended to assert a claim against its chief competitor. AHP is a very large company, with assets in excess of one-half billion dollars (DX 87, R 1455-7). It has its own inside patent law department, and has engaged several outside patent counsel firms on various matters. On several occasions, it has maintained multiple suits at the same time (R 1452-5).

Strong inferential evidence was before the trier of fact that Ekco actually had no intention of raising a claim against Lockwood until it brought this suit in 1967. First of all, while delaying four years from 1963 to 1967, Ekco *gave up* a possible chancefor an injunction against Lockwood. If Ekco had sued Lockwood promptly after the dominant patent was held valid, there would have been no possibility that either patent could have expired during the pendency of the litigation. If Ekco won, it could then have obtained an injunction against Lockwood, which would have put severe pressure on that major competitor. By delaying to '67, Ekco gave up any chance of injunction, and in fact both patents expired during the course of the litigation. It is inconceivable Ekco would have waived that important stra-

tegic advantage if it was even contemplating suit before '67.

Another event bearing on Ekco's "intent to sue" is that in early 1967 — a few months before this suit — Ekco and Lockwood were having licensing discussions on another matter. Lockwood had patents on a development known as "Pic-N-Pac", under which Ekco was considering a license. If Ekco had had a continuing complaint against Lockwood on the patents here involved, it would have been both logical and good strategy to bring it up at that time. Ekco admitted that the subject was never brought up during the Pic-N-Pac negotiations (R 559, DX 34). This suit was filed only a few months later.

As an excuse for its delay after 1963, Ekco states that it wanted first to know how great its recovery from Chicago Metallic would be (A25). Delay pending determination of royalty parameters is not delay pending a determination of validity (P5), and no case has excused such delay. Moreover, those damages were fixed in 1966, and Ekco would have been in a position to assert its views during the subsequent Pic-N-Pac negotiations — if it thought it had a cause of action. Even then, it did not.

This Court may be assisted by the detailed chronology set out in the Trial Court's opinion at A21-26. That chronology makes it clear that 16 years after Lockwood started marketing its pans — 12 years after the patents were issued — 10 years after Ekco "referred the matter to counsel" for study — 9 years after Chicago Metallic was sued — 4 years after the dominant patent was found valid and infringed on appeal — 2 years after the other patent was found not infringed — and 2 years after Ekco knew Lockwood I had been sold, then Ekco finally sued the respondent, Lockwood II.

Assessing all of the equities in "this admittedly unique situation" (A4), the Court of Appeals agreed that Ekco's delay in bringing suit was unexcused, and it affirmed the District Court's application of the laches doctrine.

ARGUMENT

"The constituent elements of laches are neglect or delay for an unreasonable length of time in the assertion of a right *under circumstances which permit diligence,* and disadvantage to the other party which would not exist *if the right had been asserted with reasonable diligence*", *Potash Co.* v. *International Minerals Corp.*, 213 F.2d 153, 155, (10th Cir. 1954, emphasis added); see also *Woodmanse and Hewitt Mfg. Co.* v. *Williams*, 68 Fed. 489, 493 (6th Cir. 1895).

Both courts below agreed that those constituent elements were present here.

Notwithstanding that, petitioner asserts a "rule of law universally followed" (P4) that other pending litigation is, *per se*, a full and automatic excuse for delay, an excuse which overrides any other considerations. However, such an inflexible rule has never been enunciated by any court. It would be both illogical and inequitable to do so here.

Other Pending Litigation Does Not Automatically Excuse Delay

This Court cautioned, in *Holmberg* v. *Armbrecht*, 327 U.S. 392, 396 (1946), that "Equity eschews mechanical rules; it depends on flexibility."

Citing *Holmberg*, supra, the Tenth Circuit Court of Appeals in *Potash Co.* v. *International Minerals, supra*, wrote:

> "No absolute rule can be laid down by which to determine what constitutes laches or staleness of demand. Each case must be determined according to its own peculiar circumstances." (213 F.2d at 154)

In the present case the Sixth Circuit Court of Appeals rejected the suggestion that the existence of other litigation automatically excuses any delay:

> "We do not find that the cases support so rigid an application of this equitable doctrine." (A4)

Both the District Court and Court of Appeals recognized that other pending litigation was *one* factor to be considered in evaluating the laches defense. But it should not be, and was not taken as, a blind rule to be rigidly applied in every case.

Such a rule would be contrary to the fundamental concept of laches as an equitable doctrine. As such, laches is "directed more intimately to the conscience of the chancellor", and is flexibly applied, *Gillons* v. *Shell,* supra, at 86 F.2d 607.

Assessing the various factors which bear on a claim of unreasonable delay is more appropriate and just than any rule which would let other litigation cut across compelling factors such as are present here in abundance. Both the District Court and the Court of Appeals made such an assessment and, after considering all of the facts, both courts found that Ekco's delay — other litigation notwithstanding — was unreasonable.

How Petitioner's Cases Differ

Petitioner asserts that cases from other circuits present "identical situations" (P2), in arguing that this case establishes a split of authority. That goes too far. All of

those cases were fully considered by the Sixth Circuit and none of them presents so compelling a factual context for laches as here.

Petitioner cites *Montgomery Ward* v. *Clair,* 123 F. 2d 878 (8th Cir. 1941), and the factually related case of *Clair* v. *Kastar, Inc.,* 148 F.2d 644 (2d Cir. 1945), cert. den. 326 U.S. 762 (1945). In the first case, the Court noted that there was "no proof that appellants [the accused defendants] altered their conduct to their prejudice on account of the delay" (123 F.2d at 883) — in contrast to this case. Further, unlike this case, *Montgomery* presented no context of long silence as to *any* assertion by the patent owner to a competitor with which it competed daily (A23). In *Kastar,* the defendant had been in privity with the *Montgomery Ward* infringer, and the holding of the two cases arises from the same context as to laches. It should also be noted that the Court excused the delay while the patentee was getting the patent *sustained* — whereas here, petitioner waited until almost four more years *after* its main patent had been found valid on appeal.

Maxon Premix v. *Eclipse,* 471 F.2d 308 (7th Cir. 1972), differs sharply in that there the defendant had full notice that plaintiff-patentee intended to enforce its patent rights. Moreover, the same plaintiff and defendant *had previously been in litigation on a related patent and a related device.* So the court carefully pointed out, *during* interim litigation against a third party, the patentee *had sent a letter* to defendant clearly setting out its assertion of infringement (see 471 F.2d at 313, footnote 7).

In *Jenn-Air* v. *Penn Ventilator,* 464 F.2d 48 (3rd Cir. 1972), defendant not only made no attempt to prove that it had been prejudiced in any way (464 F.2d 50), defendant even refused to answer plaintiff's interrogatories in-

quiring as to that issue, and the trial court noted that the effect of this *"was really to preclude effective discovery on that issue by the plaintiff"* (464 F.2d 51; emphasis supplied by the Third Circuit).

Nor was *Armstrong* v. *Motorola, Inc.*, 374 F.2d 764 (7th Cir. 1967), cert. den. 389 U.S. 830 (1967), reh. den. 389 U.S. 997 (1967), an "identical situation". There, after the patentee sued another party, he then *notified* the defendant of infringement. *The defendant further understood that the pending litigation would be completed* before any other suit could be started and completed (374 F.2d 769).

In *United States Mitis Co.* v. *Detroit Steel*, 122 Fed. 863 (6th Cir. 1903), a seventy-year old decision, the patent owner brought suit against the defendant only six months after relatively short prior litigation. The patentee there proceeded promptly throughout and could hardly be charged with laches. If Ekco had acted anywhere nearly so promptly, the reliance and damage here could have been avoided.

Petitioner also relies n *General Electric Co.* v. *Sciaky Bros., Inc.*, 187 F.Supp. 667 (E.D. Mich. 1960). There, however, *after* Sciaky had sued others on the patent *it notified G.E. that it considered G.E. to be an infringer and indicated that when it had disposed of the suits then pending it would bring an action against G.E.* (187 F.Supp. 675, 676) — quite unlike the situation here.

Finally, *France* v. *Jefferson*, 106 F.2d 605 (6th Cir. 1939), cert. den. 309 U.S. 657 (1940), reh. den. 309 U.S. 696 (1940), and *Plecker* v. *Poorman*, 147 Fed. 528 (C.C.S.D. Ohio 1905), are both distinguishable in that, unlike this case, neither defendant had changed his position nor suffered any injury by the delay.

Other Courts Have Properly Rejected Other Litigation As An Automatic Excuse

Both the District Court and the Court of Appeals noted several cases in which the doctrine of laches was applied even though there had been other litigation. Those cases were analyzed carefully, and were considered more pertinent than the cases upon which petitioner relies.

Especially relevant is the Seventh Circuit decision in *Baker* v. *Whitewater, supra,* in which the other litigation excuse was raised and rejected (see A5, 35). There the Seventh Circuit pointed out the inequity in the patentee's failure to give any notice that it would come after defendant at the conclusion of the other litigation:

> "It is unrealistic to believe that Baker became so involved in other litigation that it could not file a suit against Whitewater for infringement and depend upon a court to give it such time to prepare and try its case as circumstances might justify. *It certainly could have found time in 1962, as it could have in any of the preceding five years, to notify Whitewater that it was pressing its claim of infringement.*" (430 F.2d 1015, emphasis added).

That is precisely the point here: if Ekco had intended to press its claim after the Chicago Metallic litigation, it could surely have found time to send Lockwood a one paragraph letter to that effect, somewhere in the 1958-1966 period. After all, there had been extensive correspondence up to 1957, when Ekco wrote Lockwood that it had referred the matter to its counsel (B3). In a context of written communications that ended with a letter showing *indecision* on Ekco's part, it is logical to expect that *if* Ekco did intend to press a claim, it would have said so.

Such notice is both important and equitable. It would have put Lockwood on notice of Ekco's intention and per-

mitted it to arrange its affairs accordingly, including bringing a declaratory judgment if the delay would be a burden.[5] Had there been such notice, the seller could and would have notified the purchaser of it (B5), and the purchaser would have been able to consider the effect which such litigation could have on the business (A5, 7, 39).

In *Continental Coatings* v. *Metco,* 464 F.2d 1375 (7th Cir. 1972), the Court cited with approval the statement in *Baker* that:

> " 'The fact that Baker did not suggest that it was abandoning its claim of infringement is irrelevant. *The important fact is that at no time did it notify Whitewater in any manner that it was pressing its claim.*' 430 F.2d at 1013." (464 F.2d 1380, emphasis supplied)

The reasoning is especially apt here.

The court in *Baker* also expressly rejected delay pending evaluation of the *worth* of its claim as an excuse (430 F.2d 1014).

Other cases which cut across petitioner's assertion that other litigation is an excuse which must control regardless of other facts, are *Anchor Stove and Range Co.* v. *Montgomery Ward & Co.,* 114 F.2d 893 (7th Cir. 1940), and *Remington Rand* v. *Acme Card System,* 29 F. Supp. 192 (S.D. Ohio 1937). These cases were considered carefully at the District Court (A30) and Court of Appeals levels (A4, 5).

Contrary to petitioner's suggestion (P10), the other litigation in *Remington Rand* was *on the very same two*

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[5] Petitioner suggests that Lockwood could have brought a declaratory judgment action. That misses the point, because the Trial Court found that Lockwood — with good reason — *did not believe any litigation was threatened* (B4). Ekco's notice had been abandoned (A39)..

patents, and the plaintiff had been engaged in litigating them until just a few weeks before the suit was brought (29 F. Supp. at 200).

In *Anchor Stove* as well, the other litigation also involved the *same accused product.* There plaintiff brought an action for unfair competition against the manufacturer of stoves of a certain design. The case pended for a long period of time. Later, it brought the same general cause of action against a retailer of those stoves. In answer to a defense of laches, plaintiff set up the pendency of the previous litigation as an excuse. The court said:

> "The mere fact of plaintiff's election to proceed in the first instance against the manufacturer alone, followed by its long drawn out litigation against the manufacturer does not excuse the plaintiff from seasonably asserting any cause of action that it might have desired to assert against the present defendant. It might now become quite inequitable for the defendant to be called upon to make an accounting for many detailed transactions in the sale of heaters throughout its various branches after so many years' delay." (114 F.2d 895)

Where the "other litigation" excuse has been accepted to forgive a delay, it has generally been in recognition of the expense to the patentee of simultaneous litigation. That may well be appropriate where the patentee is an individual or small company; here, however, Ekco is the giant of the pan industry and its parent AHP is larger still. It had a battery of inside and outside patent counsel and had often maintained several cases simultaneously (R 1453). Surely it could have filed suit and gotten extra time, if needed, as the *Baker* court suggested. *At the very least it could have told Lockwood of its position* — surely

such nominal effort is not too much to ask, especially where the final letter implied doubt as to its rights.

The rigid, untempered excuse proposed by petitioner would sanction failure to do so much as send a one sentence, 8¢ letter.[6] Surely that is not such an inequitable burden, since by giving such notice the patentee would be enabled to avoid the cost of simultaneous multiple litigations, and since omission of notice can lead to severe consequences to those who in good faith rely on silence – as this case amply demonstrates.

Apparently suggesting a "national policy" which favors sweeping away these customary equitable considerations, petitioner cites *Sears* v. *Stiffel,* 376 U.S. 225 (1964), and *Blonder-Tongue Lab.* v. *University of Illinois Foundation,* 402 U.S. 313 (1971). Neither case, of course, had anything to do with laches. *Sears* concerned an inconsistency between state and federal law; *Blonder* concerned the binding effect of a previous determination of invalidity. Nothing in either case suggests, let alone compels, a rigid rule that other litigation always cuts off a laches defense.

Laches is a Question of Fact, Not Law.

In attempting to find a legal issue in a highly factual determination, petitioner has lost sight of the nature of the laches doctrine.

Laches is a factual question, *General Electric Co.* v. *Sciaky Bros., supra.* With respect to review of factual ques-

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[6] The Sixth Circuit noted the absence of even "the most informal" assertion by petitioner of its position (A7). Thus, the decision does not stand for a requirement of a formal, written notice, contrary to petitioner's assertion (P19).

tions, Rule 52 (a) of the Federal Rules of Civil Procedure provides in part:

> "Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses."

This Court observed in *Graver Tank Co.* v. *Linde Air Products Co.*, 336 U.S. 271, 275 (1949) that:

> "The rule requires that an appellate court make allowance for the advantages possessed by the trial court in appraising the significance of conflicting testimony and reverse only "clearly erroneous" findings. These are manifestly supported by substantial evidence and the Court of Appeals found them supported by the weight of the evidence — indeed found the evidence to warrant support of the patent even in matters not found by the trial court. A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error."

Beyond the matter of clear error,

> "Whether laches bars an action in a given case depends upon the circumstances of that case and 'is a question primarily addressed to the discretion of the trial court.' " *Burnett* v. *N.Y. Central R.R. Co.*, 380 U.S. 424, 435 (1965).

As such, a finding of laches ought not be disturbed unless it is so clearly wrong as to amount to an abuse of discretion, *Gillons* v. *Shell Co. of Cal.*, supra; *Baker* v. *Whitewater*, supra. Petitioner has shown neither clear error nor abuse of discretion by the District Court, or by the Sixth Circuit in its review of the decision.

Reasons for Denying The Writ

Petitioner first asserts that the two Courts below "failed to understand" the cases it cites. On the contrary, both decisions show that those cases were fully considered.

Petitioner next argues that it is a universally recognized rule that other litigation on the same patents automatically tolls laches. Both courts below recognized, on the contrary, that that would make the application of equity into a subservient mechanical system, and would lead to an unjust result in this case.

Neither clear error nor abuse of discretion has been shown. Both patents in suit have expired; indeed petitioner's delay resulted in their inevitable expiration during this litigation.

This case presents no conflict between the circuits, no "national policy," nor any fundamental injustice which suggests need for further review.

CONCLUSION

The petition should be denied.

Respectfully submitted,

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APPENDIX

FINDINGS OF FACT

[Entered by the District Court on January 20, 1972]

Laches

82. In the spring of 1951 — after Crombie's disclosure and 3-4 years before plaintiff's patents issued — Edwin H. Leedy, defendant's then Vice President (and, since 1965, a Vice President of plaintiff), asked Gerald B. Tjoflat, the Lockwood patent attorney at that time, to make an extensive search in the Patent Office on the process Lockwood was using for anodizing its pans. At this particular time Lockwood had started marketing Kolor Krust pans and was preparing to introduce them commercially on a large scale, which it did in the fall of 1951. Mr. Leedy was interested in possible hazards arising from infringement of patent claims. Tjoflat's report dated May 24, 1951 [DX 40] is to the general effect that no infringement hazards existed.

83. The next letter which bears on the issue of laches is dated May 10, 1956 [DX 41] and is a formal report to Leedy by Tjoflat on possible infringement of the Ekco '994 and '526 patents here in suit which had then issued, and another Ekco patent, No. 2,738,897. Mr. Tjoflat concluded that neither of the patents was infringed by Lockwood.

84. On September 24, 1956, Ekco, for the first time, wrote Lockwood asserting infringement by Lockwood of the two patents here in suit and a third patent, No. 2,-

738,897, and suggesting that a meeting be held to discuss the matter [DX 42].

85. Mr. Leedy replied to this letter under date of October 9, 1956, and said in part:

> "Our patent counsel has reaffirmed his opinion that no infringement exists."

Mr. Leedy then went on to suggest that opposing patent counsel meet to try to arrive at an understanding [DX 43].

86. The meeting between the patent counsel was held on October 2, 1956, and Mr. Tjoflat reported on it to his client in his letter of October 24 [DX 45]. He told Leedy in substance that he had told Bernat and Petherbridge, the Ekco attorneys, that Lockwood did not infringe any of the Ekco patents but that he was not at the moment taking any position as to validity. Apparently nothing very constructive was accomplished at this meeting, except that Ekco would submit a proposed license agreement to Lockwood. This agreement [DX 50] was submitted directly to Leedy by David Canmann, Vice President of Ekco, with a letter dated March 28, 1957 [DX 49]. Shortly thereafter, in a letter dated May 27, 1957 [DX 51], Tjoflat advised Lockwood that he had examined the file wrappers of the Ekco patents and that, in his opinion, there was no infringement and the patents were invalid. He expressed the same thought in a more formal report dated June 10, 1957 [DX 52], except that for the first time he indicated that he felt that Claim 1 of the '994 patent would be infringed "if valid". However, he concluded in the next sentence that it was not valid. An invalid patent, of course, cannot be infringed.

87. Under date of June 11, 1957, Howard Lockwood (then the president and chief executive officer of the company) wrote Canmann of Ekco that Lockwood had been advised by its patent counsel that it was not infringing any of the valid claims of the Ekco patent [DX 53]. Ekco's reply of July 10, 1957, was as follows:

> "We have received your letter of June 11, 1957 regarding our proposed License Agreement relating to the process of forming a heat absorptive oxide coating on tin plated bake pans.
>
> Since your letter raises a legal question, I have referred this matter to our attorneys and have asked them for their opinion regarding the position you have taken." [DX 54]

88. Following the quoted letter from Canmann, there was no further correspondence of any kind between the parties which in any way concerned infringement or possible infringement until after the filing of the suit on May 23, 1967.

89. During the period between July 10, 1957 and May 23, 1967, Lockwood believed and had good reason to believe that it had convinced Ekco that its patents were either invalid or not infringed, or both. It continued to sell its Kolor Krust pans in exactly the same way as previously. It made additional large capital expenditures in its Kolor Krust production facilities, including a doubling of its production capacity in 1960, at a cost of well over $100,000. The advertising of Kolor Krust in trade publications, catalogs and other media was continuous and relatively substantial. Prior to commencement of this litigation it had been selling Kolor Krust pans for 16 years; and for ten years with not a word from Ekco.

90. During the ten year period representatives of Ekco met representatives of Lockwood frequently at conventions, meetings and in the field. The two companies were nose-to-nose competitors constantly attempting to sell the same customers. On occasions, Lockwood took orders away from Ekco and Ekco took them away from Lockwood, and on small quantity items they even bought from one another to sell to their customers.

91. During this entire period there was never any indication to Lockwood that Ekco intended to file suit against it. Mr. Canmann testified (in his deposition) that, when the Chicago Metallic litigation was finished Ekco intended to sue Lockwood, and he told Mr. Joseph Head (Lockwood's counsel) and Mr. Lockwood so; but both are deceased, and those at defendant to whom such statements (if made) would normally have been relayed never were told them. Mr. Joseph Head died on February 6, 1957, although Mr. Canmann testified that he discussed the Chicago Metallic litigation with Mr. Head after that date. Canmann (a lawyer) admitted that no record was made of those asserted communications, and that no one else was present at them. Ekco sued Chicago Metallic on May 13, 1958. Chicago Metallic prevailed on every issue in the District Court but the decisions of invalidity and non-infringement of the method patent were reversed on August 16, 1963 by the Circuit Court of Appeals. From that day on Ekco knew that it had prevailed in the litigation and that there was no justifiable reason for not proceeding immediately against anyone else that it considered to be an infringer. However, Ekco continued to remain silent and inactive against Lockwood and this suit was not filed until almost four years later, in May of 1967. In the meantime, the old Lockwood

company had sold all of its assets to the new company, the defendant here. The sale was public information, duly reported by numerous newspapers, Dun and Bradstreet, the Wall Street Journal, and trade magazines. Mr. Teichert of plaintiff's legal department testified that he and a corporate officer were aware of the sale at or about the time it occurred.

95. In the course of the sale of the Lockwood Company in 1965, the seller was required to list all known outstanding existing and contingent liabilities. The seller made such a list and that list was incorporated into the body of the sale agreement [DX 69]. That list did not identify any threatened Ekco suit as a contingent liability, and Leslie Meek, counsel who represented the old company in the sale, has testified that had he known of it or been told of it he would have included it in the list. In firm reliance on the representations of the old company as to its liabilities and possible liabilities, defendant purchased the assets and known liabilities of the Lockwood Mfg. Co. with the intent of continuing its operation as a baking pan manufacturer. This litigation shows the damage that has resulted to defendant from its reliance. In the interim, important witnesses to defendant have died or disappeared, including Howard Lockwood, the President of Lockwood throughout this 20 year period, Joseph Head, General Counsel of Lockwood throughout the 1950 and 1957 period, Gerald Tjoflat and Frank Zugelter (Patent Counsel to Lockwood from 1950 to 1959), and Jess Darnell, the Director of Engineering at Lockwood in the 1950 to 1951 period.

PROOF OF SERVICE

Copies of the foregoing Respondent's Brief in Opposition to Petition for Writ of Certiorari and Appendix were served by first class airmail on George P. McAndrews, 135 South LaSalle Street, Chicago, Illinois, 60603, this 21st day of December, 1973.

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Richard H. Evans
Attorney for Respondent